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New sales tax would pay for mass transit

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PHOENIX — Arizona voters may get a choice of exactly how much they want to tax themselves for transit improvements — and for which projects.

Rep. Russell Pearce is crafting a measure to impose a half-cent increase in the state's 5.6 percent sales tax over 20 years. Pearce, who said he is still exploring options, said the plan would be to have the Republican-controlled Legislature put the plan on the November ballot.

The real aim, Pearce said, is to provide an alternative to a more comprehensive initiative being pushed by Gov. Jane Napolitano and some business and community leaders for a full penny hike in the levy for 30 years that would generate \$42.5 billion which would repay money borrowed up front for various yet-to-be-identified projects.

Pearce said Friday there is no way the state needs that kind of money up front.

But his real concern is that \$7.6 billion of the money the initiative would raise would be set aside to cover mass transit programs, ranging from vanpool service to trolley lines and passenger rail service from Tucson and possibly beyond.

"You ought to be able to vote on what you want," said Pearce, who admitted he is no fan of subsidized transit. He said the package being pushed by initiative supporters means "you've got to take the bad to get the good."

Mass transit aside, Pearce said he believes voters might be more willing to hike what they pay in sales tax than a half-cent — what a half-penny hike translates to — rather than twice that much.

A one-cent increase computes out to an additional dime on a movie ticket and \$250 tacked on to the price of a new car.

The governor said Friday she is not concerned about the possibility of a less-expensive and less-comprehensive measure competing for votes in November, at least not yet. "We'll deal with it if it makes the ballot," she said.

But the size of the hike being backed by the initiative, especially with the state in an economic slump, could make Pearce's alternative more attractive.

Marty Shultz, a lobbyist for Arizona Public Service and treasurer of the group pushing the initiative, dismissed Pearce's measure as ill conceived. He pointed out — and Pearce acknowledged — the proposal as yet had no idea of how much it would raise and exactly where it would go.

But Shultz said his real concern is that some people might believe that a plan to finance only freeways would be sufficient, calling Pearce's proposal "a fake choice."

"This isn't about being forced to accept all or nothing," he said.

"This is about a comprehensive plan that has connectivity,"

Shultz continued. "You can't separate modes of transportation."

Shultz said Arizona is long past the point where the Tucson and Phoenix metro areas can get along without rail. And he said it is rapidly approaching the time where the growing corridor between the two communities will need without passenger rail service.

Pearce, however, said voters should be able to make that decision on their own. "We're not going to get rid of their cars," he said.

And Pearce said mass transit is more expensive than roads, not just in up-front construction costs that would come out of that penny sales tax hike. That's because mass transit requires ongoing subsidies.

Shultz conceded the point but said that fare box revenues will cover most of that.

That, however, is not the case now with the Phoenix area bus system, according to Brian Jungwirth, chief of Valley Metro. Nor will it be the case when the first trolleys start rolling in December.

He said fares will cover only about 25 percent of operating costs. The balance, said Jungwirth, will be paid by taxpayers in affected cities.

Shultz did find one thing positive about Pearce's plan.

"He obviously thinks there's a need," Shultz said. And he noted that Pearce agrees that the source of revenue should be higher sales taxes.

"It's just 50 percent too small and 10 years too short," he said.

If Pearce is successful in getting his plan on the ballot, it could actually have the result of confusing voters both ways. That has happened in the past when two similar measures were on the ballot, ranging from a state honor for Martin Luther King Jr. to last year's defeat of two competing measures dealing with preservation of the Grand Canyon.

"That's not my goal," Pearce said.